

**GOVERNMENT OF INDIA
HEAVY INDUSTRIES AND PUBLIC ENTERPRISES
LOK SABHA**

UNSTARRED QUESTION NO:2571

ANSWERED ON:01.08.2017

Procurement Policy

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Will the Minister of HEAVY INDUSTRIES AND PUBLIC ENTERPRISES be pleased to state:

- (a) whether negative approach towards domestic hike in prices under the procurement policy of the Government, hard contractual conditions, continuous imports, use of old machinery with no encouragement for their replacement, zero import charges under project import and delay in implementation of projects are the factors that inhibit domestic demand; and
(b) if so, the details thereof and the remedial measures taken by the Government in this regard?

Answer

MINISTER OF STATE IN THE MINISTRY OF HEAVY INDUSTRIES AND PUBLIC ENTERPRISES (SHRI BABUL SUPRIYO)

(a): National Capital Goods Policy, 2016 has identified that issues like lack of positive bias towards domestic value addition in public procurement policies, difficult contract conditions, persistent import and use of second-hand machinery with no incentive for replacement, zero duty import under 'Project Imports' and delays in project implementation are having an adverse effect on the domestic demand of capital goods.

(b): In February, 2017, Ministry of Finance has revised General Financial Rules to encourage procurement by domestic manufacturers by introducing elements like government e-market place, life cycle cost, reverse auction and purchase preference to locally manufactured goods.

Recently, on 15th June, 2017, Ministry of Commerce and Industry has issued a detailed Order on Public Procurement to enhance the positive impact of Public Procurement on 'Make in India' initiative through measures like requirement of purchase preference to local suppliers, minimum local content, requirement for specification in advance, increase in minimum local content and manufacturing under licence, technology collaboration agreement with phased indigenization.

Also, Ministry of Defence had revised their Procurement Procedure with effect from 01.04.2016 which have provisions to facilitate participation of domestic manufacturers in defence procurement.
